

## Message Text

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ACTION IO-14

INFO OCT-01 ARA-10 ISO-00 EB-08 CIAE-00 DODE-00 PM-05

H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 FEA-01 TRSE-00 NEA-10 AF-10

EA-10 /110 W

-----020522 082249Z /13

R 082100Z SEP 77

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 2150

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY LIMA

AMEMBASSY QUITO

C O N F I D E N T I A L SECTION 1 OF 2 BUENOS AIRES 6701

E.O. 11652: GDS

TAGS: PFOR, UN

SUBJECT: VISIT TO BUENOS AIRES OF DEPUTY

ASSISTANT SECRETARY GEORGE DALLEY

REF: STATE 184871

1. SUMMARY. DEPUTY ASSISTANT SECRETARY (IO) GEORGE DALLEY VISITED BUENOS AIRES AUGUST 28-30. WHILE HERE HE ATTENDED A WORKING GROUP SESSION OF MINISTRY OF FOREIGN AFFAIRS PERSONNEL WHO DEAL WITH INTERNATIONAL ORGANIZATIONS AND PAID A CALL ON DR. ALBERTO A. FRAGUIO, SECRETARY OF INTERNATIONAL COMMERCE FOR THE MINISTRY OF ECONOMY. ARGENTINE GOVERNMENT IS STILL WORKING OUT POSITIONS FOR APPROACHING UNGA AND OTHER MEETINGS, BUT MEMBERS WERE ABLE TO SKETCH A NUMBER OF CONCERNS--FOR THE MOST PART HAVING TO DO WITH ECONOMIC RELATIONSHIPS.

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END SUMMARY

2. AT AUGUST 29 WORKING MEETING IN MINISTRY OF FOREIGN AFFAIRS ATTENDED BY JULIO BARBOZA (CHIEF OF THE DEPARTMENT OF INTERNATIONAL ORGANIZATIONS), PAULINO MUSSACHIO (ADVISOR IN THE OFFICE OF INTERNATIONAL ECONOMIC AFFAIRS) AND OTHER MINISTRY PERSONS WHO WORK

CHIEFLY IN INTERNATIONAL ORGANIZATIONS AFFAIRS, DALLEY  
RAISED ALL OF THE ISSUES OUTLINED IN STATE 205678.  
WORKING SESSION LASTED TWO HOURS, AND A NUMBER OF  
ISSUES WERE DISCUSSED AGAIN AT LUNCHEON GIVEN BY CHARGE  
ON AUGUST 30.

3. NOTABLE RESPONSES BY ARGENTINES TO DALLEY'S  
PRESENTATION WERE THE FOLLOWING:

4. CIEC. AMBASSADOR MUSSACHIO SPOKE OF "ARGENTINA'S  
GUARDED OPTIMISM, GUARDED DISAPPOINTMENT. RESULTING  
FROM THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION.  
OPTIMISM DERIVES NOT FROM THE RESULTS OF THE CONFERENCE  
ITSELF, BUT FROM THE FACT THAT OPEN CONFRONTATION  
BETWEEN DEVELOPED AND UNDERDEVELOPED COUNTRIES WAS  
AVOIDED. ARGENTINA'S DISAPPOINTMENT DERIVED FROM  
FAILURE OF THE CONFERENCE TO REACH MORE CONCRETE CON-  
CLUSIONS, PARTICULARLY WITH REGARD TO LDC DEBT. THIS  
IS NOT A PROBLEM OF DIRECT CONCERN TO ARGENTINA, BUT  
ARGENTINA IS AWARE OF HOW THEIR DEBT SITUATION  
PRESSES UPON THE LEAST DEVELOPED.

A. "MIDDLE CLASS" COUNTRIES.

A PARTICULAR CONCERN OF ARGENTINA IS THAT  
MIDST THE GREAT CONCERN SHOWN FOR BASIC HUMAN NEEDS  
AT CIEC LITTLE ATTENTION WAS GIVEN THE "MIDDLE CLASS"  
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COUNTRIES--LIKE ARGENTINA, WHICH NEEDS ACCESS TO  
MARKETS AND REMAINS CONCERNED OVER A TENDENCY IN  
DEVELOPED COUNTRIES TO DENY THIS ACCESS.

B. COMMON FUND. ARGENTINA IS AT AN EARLY STAGE IN  
DISCUSSING ITS POSITION ON A COMMON FUND AND RESERVES  
COMMENT EXCEPT TO ACCEPT IN PRINCIPLE THE ESTABLISHMENT  
OF A COMMON FUND TO STABILIZE SUCH COMMODITIES AS  
WHEAT, COFFEE AND SUGAR. ARGENTINA IS NOT ENTHUSIASTIC  
OVER THE G-77 IDEA OF A COMMON MECHANISM TO HANDLE A  
GROUP OF 18 COMMODITIES. ARGENTINA BELIEVES EACH  
COMMODITY SHOULD BE APPROACHED INDIVIDUALLY.

C. ENERGY. SINCE ARGENTINA ONLY IMPORTS 15 PERCENT OF  
ITS ENERGY NEEDS, THE COUNTRY IS NOT DEEPLY CONCERNED  
ABOUT THIS ISSUE EXCEPT FOR ITS INFLATIONARY AND OTHER  
DESTABILIZING EFFECTS FOR OTHER COUNTRIES OF THE WORLD.  
ARGENTINA WOULD SUPPORT SOME SYSTEM FOR  
STABILIZING ENERGY PRICES THAT WOULD AVOID THE EFFECTS  
OF EXPLOSIVE PRICE INCREASES.

D. TRANSFER OF TECHNOLOGY. ARGENTINA DOES NOT

ASK TO BE GIVEN TECHNOLOGY BUT RECOGNIZES NEED TO BUY  
IT. ARGENTINA FINDS ITSELF DENIED ACCESS TO CERTAIN  
KINDS OF TECHNOLOGY BECAUSE OF WHAT AMBASSADOR  
MUSSACHIO DESCRIBED AS A "TECHNOLOGY MONOPOLY HELD BY  
CERTAIN NATIONS."

IT WAS CLEAR HERE THAT MUSSACHIO HAD THE U.S.  
IN MIND. IN HIS DEFINITION OF ITEMS HE BELIEVES ARE  
BEING HELD WITHIN THE "TECHNOLOGY MONOPOLY" MUSSACHIO  
MENTIONED FOURTH AND FIFTH GENERATIONS OF COMPUTERS  
WHICH ARGENTINA NEEDS FOR ECONOMIC ANALYSIS AND MANAGE-  
MENT AND NUCLEAR DEVELOPMENT. HE SAID ARGENTINA WOULD  
WELCOME THE DEVELOPMENT A CODE OF CONDUCT GOVERNING  
THE TRANSFER OF THIS KIND OF TECHNOLOGY. AGAIN,  
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ARGENTINA DOES NOT SUPPORT UNLIMITED AND GRATIS ACCESS  
TO TECHNOLOGY, AS IS DEMANDED BY SOME MEMBERS OF THE  
G-77, BUT IT DOES REQUEST REASONABLE ACCESS AT  
REASONABLE COST.

E. BOOTSTRAP OPERATIONS. NEXT YEAR THERE WILL  
BE A CONFERENCE IN ARGENTINA ON EFFORTS TO ACHIEVE  
DEVELOPMENT THROUGH SELF-HELP ACTIVITY. ARGENTINA  
NEEDS THE CONTINUING SUPPORT OF THE U.S. AND OTHER  
DEVELOPED COUNTRIES.

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FM AMEMBASSY BUENOS AIRES  
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C O N F I D E N T I A L SECTION 2 OF 2 BUENOS AIRES 6701

F. REGIONAL, ECONOMIC, INTEGRATION. ARGENTINA BELIEVES IN REGIONAL ECONOMIC INTEGRATION BUT HAS BEEN DISAPPOINTED IN THE PROGRESS (AFTER A GOOD EARLY START) OF THE LATIN AMERICAN FREE TRADE AREA (LAFTA). ARGENTINA TOOK THE "LIBERAL" VIEW DURING LAFTA NEGOTIATIONS. OTHER COUNTRIES TOOK THE "SOCIALIST" ROLE. THE TWO IDEAS DID NOT MESH. WHAT ARGENTINA WANTS TO WORK OUT NOW IS A COMPROMISE "REGIONAL PREFERENCES AREA" UNIQUELY TAILORED TO LATIN AMERICAN NEEDS RATHER THAN MODELED AFTER THE EUROPEAN COMMUNITY OR COMECON. THIS WILL REQUIRE, HOWEVER, UNDERSTANDING OF OTHER COUNTRIES SINCE THEY MUST BE WILLING TO EXEMPT REGIONAL PARTICIPANTS FROM CERTAIN MOST FAVORED NATIONS REQUIREMENTS OF THE GATT.

G. ARGENTINE PROPOSAL FOR SHORT-TERM FUNDS UTILIZATION. MUSSACHIO SAID THAT ARGENTINA IS INTERESTED IN WORKING OUT A PLAN TO HARNESS PETRO-DOLLARS FOR LONG-RANGE DEVELOPMENT NEEDS OF THE LESS DEVELOPED COUNTRIES. HE WILL CONSULT WITH THE U.S. AS HIS PLAN TAKES SHAPE, AND HE  
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SAID AT SOME POINT ARGENTINA WILL ASK FOR OUR SUPPORT.

H. NEW FORUMS. THE ARGENTINE GOVERNMENT DOES NOT BELIEVE IT NECESSARY FOR NEW FORUMS TO BE CREATED TO CARRY ON CIEC ACTIVITIES. DISCUSSIONS ON INDIVIDUAL ITEMS CAN BE CONTINUED IN EXISTING FORUMS OR THROUGH AD HOC GATHERINGS AT WHICH ALL POINTS OF VIEW WOULD BE REPRESENTED.

5. POLITICAL ISSUES:

A. MIDDLE EAST. AMBASSADOR BARBOZA EXPRESSED ARGENTINA'S VIEW THAT LASTING PEACE IN THE MIDDLE EAST CAN ONLY BE ESTABLISHED IF ALL REALITIES IN THE AREA ARE TAKEN INTO ACCOUNT. THE STATE OF ISRAEL IS ONE SUCH REALITY. ISRAEL HAS THE RIGHT TO LIVE WITHIN SECURE BORDERS DETERMINED BY AGREEMENT IN THE AREA AND A TREATY RELATIONSHIPS WITH NEIGHBORS STATING THEIR RECOGNITION OF ISRAEL'S BORDER. THIS IS AN ESSENTIAL OUTCOME OF ANY NEGOTIATIONS. ARGENTINA MAINTAINS ITS VIEW THAT NO NATION SHOULD RETAIN LAND TAKEN BY CONQUEST, AND THEREFORE INSISTS THAT ISRAEL WITHDRAW FROM ALL ARAB OCCUPIED TERRITORY. THE PALESTINIAN PEOPLE HAVE

A RIGHT TO SOVEREIGNTY AND INDEPENDENCE, BUT ARGENTINA HAS NO CLEAR PROPOSAL HOW TO ACCOMPLISH THIS OBJECTIVE. BARBOZA SAID THAT ARGENTINA STILL LOOKS TO RESOLUTIONS 242 AND 338 AS THE PROPER FRAMEWORK FOR A MIDEAST RESOLUTION. RESOLUTION 242 IS RECALLED AS A SIGNIFICANT LATIN AMERICAN CONTRIBUTION TO MIDEAST NEGOTIATIONS.

B. SOUTHERN AFRICA. BARBOZA EXPRESSED HIS UNDERSTANDING FO THE U.S. HOPE THAT SOUTHERN AFRICA NEGOTIATIONS AND CONFIDENTIAL

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POSSIBILITIES FOR A SETTLEMENT IN THAT REGION WILL NOT BE COMPLICATED BY RESOLUTIONS PASSED AT THE UNITED NATIONS. BARBOZA ASKED WHETHER OUR UNWILLINGNESS TO SUPPORT NEW RESOLUTIONS INCLUDED AN UNWILLINGNESS TO ADOPT FURTHER MEASURES AGAINST APARTHEID IN SOUTH AFRICA. DALLEY RESPONDED THAT WE SEE THIS AS A SEPARATE ISSUE, AND WOULD BE GUIDED ON IT BY THE DECISIONS OF THE LAGOS CONFERENCE.

C. PUERTO RICO. SPEAKING PERSONALLY, BARBOZA SAID THAT HE FOUND IT REDICULOUS FOR ANYONE TO PRESS FOR PUERTO RICAN INDPENDENCE WHEN THE PEOPLE OF THE ISLAND THEMSELVES HAVE NOT SPOKEN IN FAVOR OF THIS.

D. KOREA, GUAM. ARGENTINA IN THE PAST ABSTAINED ON THESE RESOLUTIONS. DALLEY RESPONDED THAT THE U.S.G. APPRECIATES THIS BUT HOPED FOR ARGENTINE'S SUPPORT FOR OUR POSITIONS SHOULD THESE ISSUES BE RAISED AGAIN. BARBOZA SAID THERE WILL BE CONSULTATION IN THE GOVERNMENT ON THIS AND FURTHER DISCUSSIONS WITH THE EMBASSY.

E. ADVISORY COMMITTEE ON BUDGET AND ADMINISTRATIVE QUESTIONS. AS A MEMBER OF THE COMMITTEE, ARGENTINA BELIEVES IT TO BE A WORKABLE SIZE GROUP, BUT WOULD SUPPORT A SLIGHT INCREASE OF TWO OR THREE MEMBERS TO PERMIT BETTER REGIONAL REPRESENTATION. ARGENTINA SUPPORTS THE U.S. POSITION ON BUDGETARY REFORM, AND AGREES STEPS SHOULD BE TAKEN TO MAKE THE CONTRIBUTIONS OF OIL-RICH STATES MORE EQUITABLE.

F. DESIRE FOR OFFICE AND OTHER UN BODY MEMBERSHIP. BARBOZA SAID THAT ARGENTINA WANTS TO BECOME A MEMBER OF THE COMMITTEE ON CONTRIBUTIONS, AND WILL ASK FOR ELECTION TO THE FIFTH COMMITTEE AT THE BEGINNING OF THE 32ND UNGA. ARGENTINA ALSO WANTS TO BE AN CONFIDENTIAL

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ELECTED MEMBER OF ECOSOC.  
HIGGINS

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## Message Attributes

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